
CDBG**Community Development Block Grant Program****MANAGEMENT MEMORANDUM****Memorandum Number: 98 -8**

TO: All Eligible Jurisdictions and Interested Parties**DATE: October 30, 1998****SUBJECT: The State CDBG General Allocation: 1999 State Objectives**

With this memorandum the Department of Housing and Community Development announces the State Community Development Block Grant (CDBG) Program's 1999 general allocation State objectives. Community Development Block Grant regulations §7078.7 allow the Department to award additional points to general allocation applications meeting a Department-established State Objective. The Department has exercised this option over the last several years, rewarding applications that proposed infrastructure improvements and, for 1997, assistance to first-time homebuyers was added as a State objective. Last year's State objectives included infrastructure projects; preservation of "at risk" affordable housing; activities which facilitate the welfare-to-work transition for Temporary Assistance for Needy Families (TANF) recipients; and bonus points to communities with meritorious projects that applied the prior year and fell just beyond the funding cut-off.

The Department must announce our proposed State objectives in our 1999 general allocation Notice of Funding Availability (NOFA), at the latest. However, to allow applicants to begin preparing for projects we hope to encourage, we are announcing the 1999 State objectives in advance of the NOFA.

For program year 1999, State objectives bonus points will be available as follows:

1. **Public Works (25 points):** The Department will continue this State objective for a fifth year. While this State objective has had a tremendous effect in attracting good, competitive public works applications, the infrastructure needs throughout rural California remain critical.
2. **Welfare Reform Activities (25 points):** For the second year, the Department will award up to 25 bonus points for applications proposing to use CDBG funds to facilitate the welfare-to-work transition for Temporary Assistance for Needy Families (TANF) recipients. The proposed activity must address a barrier to employment or provide employment opportunities for TANF recipients. Barriers include lack of childcare; transportation services; job training; mental health and substance abuse treatment; and housing. Collaboration with County welfare programs must be demonstrated, and at least 90% of the beneficiaries of the activity must be TANF recipients. This bonus reflects a statewide effort to provide economic opportunity for TANF recipients.

3. Preservation of “At Risk” Housing (25 points): As in 1998, State objectives points will be awarded to applications proposing to use CDBG funds to maintain rental housing that is at risk of losing its affordability. Many units throughout California are eligible to change from low-income housing uses to market rate housing due to terminating federal subsidy contracts, mortgage prepayments, or expiring use restrictions. State Housing Element law requires that local governments identify and consider preserving assisted housing developments. The State CDBG program will competitively reward communities for actively seeking CDBG funds for preservation efforts.

The housing must be found by the local applicant to be at risk because of the termination or expiration of federal, State, or local government financing or insurance. Or, the project must be facing the termination, expiration, or reduction in the amount of subsidy or affordability terms under an existing subsidy contract or regulatory agreement. The Department will also consider other actions likely to result in the loss of affordability and probable displacement, or economic hardship for low income (targeted income group, or TIG) residents. Up to 25 points will be awarded depending on the degree to which TIG-occupied units are at risk.

4. Capacity Building (25 points): The Department continues to see repeat grant recipients from year to year, while many communities continue to fall just outside of the fundable scoring range each year. These unfunded applicants have great needs and meritorious projects, but are consistently out-competed for scarce CDBG funds. As a result, these communities cannot develop local capacity to meet their community development needs. It is an objective of the State to build capacity among as many communities as possible while adhering to a just competitive distribution process. Like last year, in an effort to assist communities that fall just outside of our funding cut-off in each year’s competition, the Department will provide 25 bonus points for communities with meritorious projects that fell below the funding cut-off in the 1998 competition. Last year, it came to our attention that some jurisdictions were unable to benefit from these bonus points because they had become discouraged after several years of unsuccessful applications and had not applied in the prior year. Therefore, 35 bonus points will be awarded to applicants who applied at least two times in the last four years (1995 - 1998) and who were not funded in the last four years.

The January NOFA will provide additional information regarding each State objective. Meanwhile, if you have questions regarding potential projects, please consult with your regional CDBG representative.